

## **SUBCOMMITTEE NO. 4**

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## **Agenda**

**Mike Machado, Chair  
Tom McClintock  
Christine Kehoe**



**Wednesday, March 29, 2006  
10:00 a.m.  
Room 3191**

**Budget Overview Hearing On the  
Department of Corrections & Rehabilitation**

## **BACKGROUND INFORMATION**

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## 5225 Department of Corrections and Rehabilitation

### 2006-07 Budget Overview

Effective July 1, 2005, all the agencies that previously reported to the Youth and Adult Correctional Agency were consolidated into the Department of Corrections and Rehabilitation (CDCR) pursuant to the Governor's Reorganization Plan 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero).

The mission of the California Department of Corrections and Rehabilitation (CDCR) is to improve public safety through evidence-based crime prevention and recidivism reduction strategies. The CDCR is organized into twelve programs: Corrections and Rehabilitation Administration; Corrections Standards Authority; Juvenile Operations; Juvenile Education, Vocations, and Offender Programs; Juvenile Parole Operations; Juvenile Health Care Services; Adult Operations; Adult Parole Operations; Board of Parole Hearings; Community Partnerships; Adult Education, Vocations, and Offender Programs; and Correctional Healthcare Services.

*Budget Proposal.* The budget proposes total expenditures of \$8.1 billion (\$7.8 billion General Fund and \$241 million other funds) and 60,966 positions for the CDCR. This represents an increase of \$364 million (\$383 million General Fund), or about 4.7 percent, and 2,357 positions above the revised 2005-06 budget. Table 1, below, highlights the expenditures for the major programs within the CDCR for the current year and the budget year.

| <b>Table 1. CDC – Summary of Program Expenditures</b> |  |                    |                  |                |
|---|--|--------------------|------------------|----------------|
| <b>Program</b>  | <i>Expenditures (dollars in thousands)</i> |                    |                  | <b>Percent</b> |
|   | <b>2005-06</b>                             | <b>2006-07</b>     | <b>Change</b>    | <b>Change</b>  |
| Administration  | \$208,681                                  | \$243,649          | \$34,968         | 16.8%          |
| Corrections Standard Authority                        | 263,196                                    | 244,514            | -18,682          | -7.1%          |
| Juvenile Operations                                   | 178,589                                    | 176,337            | -2,252           | -1.3%          |
| Juvenile Education and Programs                       | 138,523                                    | 179,404            | 40,881           | 29.5%          |
| Juvenile Parole                                       | 40,468                                     | 38,734             | -1,734           | -4.3%          |
| Juvenile Healthcare                                   | 56,135                                     | 62,119             | 5,984            | 10.7%          |
| Adult Operations                                      | 4,713,759                                  | 4,868,653          | 154,894          | 3.3%           |
| Adult Parole  | 717,983                                    | 693,504            | -24,479          | -3.4%          |
| Board of Parole Hearings                              | 85,416                                     | 89,493             | 4,077            | 4.8%           |
| Community Partnerships                                | 1,858                                      | 7,727              | 5,869            | 315.9%         |
| Adult Education and Programs                          | 236,608                                    | 271,376            | 34,768           | 14.7%          |
| Adult Healthcare                                      | 1,052,898                                  | 1,182,755          | 129,857          | 12.3%          |
| <b>Total</b>  | <b>\$7,694,114</b>                         | <b>\$8,058,265</b> | <b>\$364,151</b> | <b>4.7%</b>    |
| <b>Total Authorized Positions</b>                     | <b>58,608.8</b>                            | <b>60,966.2</b>    | <b>2,357.4</b>   | <b>4.0%</b>    |

Table 2, below and continuing on the next page, highlights the major budget adjustments proposed by CDCR for the budget year. These proposals will be discussed in more depth by the Subcommittee at a later hearing.

| <b>Table 2. CDCR Major General Fund Budget Adjustments for 2006-07</b><br>(dollars in thousands) |   |                  |                |
|--|---|------------------|----------------|
|  | <b>Issue</b>  | <b>Positions</b> | <b>Dollars</b> |
| 1  | <b>Basic Correctional Officer Academy Expansion.</b> Expands the number of cadets to be trained and establishes Northern California Women's Facility as a temporary offsite academy. In the current year, the CDCR has proposed \$25.4 million and 88.7 positions to begin expansion of the academy.  | 211.4            | \$54,503       |
| 2  | <b>Population Adjustments.</b> In the current year, the department has proposed increases of \$64.5 million and 778 positions due to the increasing inmate and parole population.   | 1,340.3          | 131,916        |
| 3  | <b>Adult Healthcare Services.</b> Proposes to augment the budget baseline for contract medical by \$42.7 million, pharmaceuticals by \$16.4 million, and medical guarding by \$9.1 million due to reported ongoing budget shortfalls.   |                  | 68,139         |
| 4  | <b>Adult Local Assistance.</b> Proposes an increase to reimburse locals for housing and non-routine medical costs of parolees who are detained for parole violations. In the current year, CDCR has proposed an increase of \$85.1 million.   |                  | 11,853         |
| 5  | <b>Inmate Dental Services.</b> Proposes funding and positions to implement the first phase of major changes in the Inmate Dental Services Plan in order to meet the stipulated agreement from the <i>Perez v. Hickman</i> class action lawsuit. Total ongoing costs after the first three years will be \$42 million and 597 positions.   | 228.6            | 21,487         |
| 6  | <b>Records Staffing and Automation.</b> Proposes \$10 million to develop an appropriate classification and pay structure for Correctional Case Records Offices, \$4.3 million to implement an electronic records management system for discharged offender records, and \$225,000 to conduct a consultant-based statewide study of health records management and staffing needs for the Division of Correctional Healthcare Services.   |                  | 14,495         |
| 7  | <b>Electromechanical Doors.</b> Proposes \$3 million in 2006-07 and \$7.3 million in 2007-08 to continue the electromechanical security door operating and locking system repair project that was initially approved in 2001-02.  |                  | 3,000          |
| 8  | <b>Price Increase.</b> State agencies were provided a 3.1 percent price increase.   |                  | 55,969         |
| 9  | <b>Recidivism Reduction Strategies.</b> Proposes funding to expand various inmate and parole programs designed to reduce re-offending and recommitment to state prison. The proposal (including \$30 million approved in the 2005 Budget Act) includes \$21.1 million for enhancements to inmate education and vocational education programs; \$7.7 million for community partnerships; \$7.8 million for parole services expansions, \$9.9 million for institution based rehabilitative and treatment programs; and \$6.2 million to research the effectiveness of correctional programs. The 2005 Budget Act included \$7.5 million for the current year, growing to \$30 million in 2006-07. | 143.1            | 22,761         |

**Table 2 continued. CDCR Major General Fund Budget Adjustments for 2006-07**  
*(dollars in thousands)*

|    | Issue   | Positions | Dollars |
|----|---|-----------|---------|
| 10 | <b>GPS Monitoring Expansion.</b> Proposes funding to add 500 Global Positioning System (GPS) devices to track and monitor high risk parolees. This is part of a four-year plan to add 2,000 GPS devices, bringing the total number of GPS units to 2,500 by 2009-10.  |           | \$5,134 |
| 11 | <b>Special Repair Projects and Assessments.</b> Proposes a one-time augmentation of \$11 million to address special repair projects. Baseline funding for special repairs is \$11.5 million, while CDCR has reported that the unfunded special repair projects now exceed \$194 million. CDCR indicates that the augmentation represents the extent of the budget year activity that can be undertaken by CDCR. |           | 11,000  |
| 12 | <b>Authority to Contract for Adult Beds.</b> Proposes budget bill language to authorize CDCR to contract with providers to build contract bed capacity of up to 8,500 beds, including 4,000 male beds and 4,500 female beds for the 2007-08 fiscal year.  |           |         |
| 13 | <b>Gang Management.</b> Proposes contract funding to facilitate the formation of a Gang Management Workgroup to include recommendations from consultants identified as nationally recognized gang experts.  |           | 200     |
| 14 | <b>Kern Valley State Prison Base Staffing.</b>  | 56.8      | 4,579   |
| 15 | <b>Employee Compensation Adjustments.</b>   |           | 161,066 |
| 16 | <b>Farrell v. Hickman Ward Safety and Welfare Remedial Plan.</b> Proposes to fund the Ward Safety and Welfare Remedial Plan submitted to the court in November 2005. The budget assumes expenditures of \$5.1 million in the current year. The ongoing resources associated with implementing this plan is expected to be \$93.8 million by 2009-10.  | 369.4     | 47,470  |
| 17 | <b>Farrell v. Hickman Healthcare Remedial Plan.</b> Proposes funding to implement the Healthcare Remedial Plan submitted to the court in September 2005. The proposal assumes two-year rollout of reforms with on-going costs of \$9.1 million.   | 89.7      | 7,530   |

## Historical Fiscal Trends

### Historical Funding for Departments within CDCR

As seen in Table 3, the historical expenditures for the departments within CDCR have been increasing significantly for the last several years. In 1999-00, the expenditures for all the departments that now comprise CDCR totaled \$4.8 billion. In 2004-05, the most recent year for actual expenditure data, total expenditures were \$6.9 billion – an increase of 44 percent over the past five years.

**Table 3. Departments Within CDCR Historical Funding and Total Positions**  
(dollars in thousands)

| Dept              | <i>Expenditures</i> |                    |                     |                    |                     |                    |                    |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
|                   | 1999-00             | 2000-01            | 2001-02             | 2002-03            | 2003-04             | 2004-05            | 2005-06*           | 2006-07**          |
| YACA              | \$1,635             | \$3,222            | \$1,222             | \$1,147            | \$1,220             | \$2,359            |                    |                    |
| CDC               | 4,285,295           | 4,665,235          | 5,082,635           | 5,335,007          | 5,817,069           | 6,277,669          |                    |                    |
| BOC               | 76,714              | 198,721            | 213,035             | 152,526            | 173,015             | 147,843            |                    |                    |
| BPT               | 17,303              | 25,802             | 30,550              | 29,771             | 25,421              | 63,873             |                    |                    |
| YOPB              | 3,349               | 3,476              | 3,389               | 3,152              | 1,584               |                    |                    |                    |
| CYA               | 394,552             | 426,938            | 433,676             | 425,730            | 418,940             | 423,740            |                    |                    |
| CPOST             |                     | 2,196              | 2,149               | 2,102              | 1,022               | 1,128              |                    |                    |
| CDCR              |                     |                    |                     |                    |                     |                    | \$7,694,114        | \$8,058,265        |
| <b>Total</b>      | <b>\$4,778,848</b>  | <b>\$5,325,590</b> | <b>\$ 5,766,656</b> | <b>\$5,949,435</b> | <b>\$ 6,438,271</b> | <b>\$6,916,612</b> | <b>\$7,694,114</b> | <b>\$8,058,265</b> |
| Change            |                     | \$546,742          | \$441,066           | \$182,779          | \$488,836           | \$478,341          | \$777,502          | \$364,151          |
| Percent           |                     | 11.4%              | 8.3%                | 3.2%               | 8.2%                | 7.4%               | 11.2%              | 4.7%               |
| <b>Authorized</b> |                     |                    |                     |                    |                     |                    |                    |                    |
| <b>Positions</b>  | <b>50,638.8</b>     | <b>51,641.8</b>    | <b>50,497.5</b>     | <b>50,429.9</b>    | <b>51,336.6</b>     | <b>54,642.4</b>    | <b>58,608.8</b>    | <b>60,966.2</b>    |
| Change            |                     | 1,003.0            | -1,144.3            | -67.6              | 906.7               | 3,275.8            | 3,966.4            | 2,357.4            |
| Percent           |                     | 2.0%               | -2.2%               | -0.1%              | 1.8%                | 6.4%               | 7.3%               | 4.0%               |

\* Estimated

\*\* Proposed

For the current year, the estimated expenditures include \$265.8 million in new General Fund and \$14.4 million from other funds requested at the time of the January 10 budget that the CDCR anticipates that it will need to meet its obligations. The increases include \$64.4 million because population is higher than projected; \$25.4 million to expand the number of cadets in the basic correctional officer academy; \$85.1 million in costs from jails housing state inmates; and \$97.4 million in employee compensation adjustments. Without these increases, the budget for CDCR would be increasing by 7.2 percent in the current year, rather the estimated 11.2 percent. The LAO reports that the adult inmate population is currently tracking higher than the amount assumed in the January proposal, so the CDCR will likely be requesting additional funds for the current year, and the budget year, at the time of the May Revision due to population increases.

## Historical Funding for Adult Corrections

Table 4 below highlights historical expenditures by program for CDC and for adult operations within the CDCR. CDCR Administration now includes some administrative expenditures for all of the programs within CDCR, including juvenile operations, and for the Corrections Standards Authority and the Board of Parole Hearings. Generally, the increases for adult operations have exceeded the total increases for the departments within CDCR. Expenditures for adult operations have grown from \$5.3 million in 2002-03 to proposed expenditures of \$7.3 billion in 2006-07.

| <b>Table 4. CDC and Adult CDCR Summary of Program Expenditures</b> |  |                    |                    |                    |                    |
|--|--|--------------------|--------------------|--------------------|--------------------|
| <b>Program</b>   | <i>Expenditures (dollars in thousands)</i> |                    |                    |                    |                    |
|  | <b>2002-03</b>                             | <b>2003-04</b>     | <b>2004-05</b>     | <b>2005-06*</b>    | <b>2006-07**</b>   |
| Institution Program  | \$3,978,641                                | \$4,274,143        | \$4,500,235        |                    |                    |
| Health Care Services Program                                       | 878,941                                    | 967,832            | 1,053,124          |                    |                    |
| Inmate Education Program   |  | -                  | 162,178            |                    |                    |
| Community Correctional Program                                     | 477,424                                    | 575,093            | 562,132            |                    |                    |
| Administration   | 136,208                                    | 130,676            | 142,926            |                    |                    |
| Distributed Administration   | -136,208                                   | -130,676           | -142,926           |                    |                    |
| State Mandated Local Program                                       | 1  | 1                  | 1                  | 0                  |                    |
| CDCR Administration  |  |                    |                    | 208,681            | 243,649            |
| Adult Operations   |  |                    |                    | 4,713,759          | 4,868,653          |
| Parole Operations – Adult  |  |                    |                    | 717,983            | 693,504            |
| Community Partnerships   |  |                    |                    | 1,858              | 7,727              |
| Education, Vocation, & Offender Programs                           |  |                    |                    | 236,608            | 271,376            |
| Correctional Healthcare Services                                   |  |                    |                    | 1,052,898          | 1,182,755          |
| <b>Total</b>   | <b>\$5,335,007</b>                         | <b>\$5,817,069</b> | <b>\$6,277,669</b> | <b>\$6,937,787</b> | <b>\$7,267,664</b> |
| Change   |  | \$482,026          | \$460,600          | \$660,118          | \$329,877          |
| Percent  |  | 9.0%               | 7.9%               | 10.5%              | 4.8%               |

\* Estimated

\*\* Proposed

Table 5 highlights the average cost per adult inmate, as calculated in the Governor's Budget display. The average cost has been steadily increasing for the last several years.

| <b>Table 5. Average Cost per Inmate at CDCR As Calculated in the Governor's Budget Display</b> |                |                |                |                |                |                 |                 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>1999-00</b>   | <b>2000-01</b> | <b>2001-02</b> | <b>2002-03</b> | <b>2003-04</b> | <b>2004-05</b> | <b>2005-06*</b> | <b>2006-07*</b> |
| \$22,737   | \$25,307       | \$27,705       | \$28,654       | \$31,288       | \$34,263       | \$34,150        | \$35,587        |

\* Projected

Table 6 shows the increase in General Fund expenditures at the Adult Corrections over time. On a percentage basis, the largest increases were in the 1980s and early 1990s when California was activating new prisons. However, in the last few years, CDC has experienced one-year increases that of 9 percent, including 10.3 percent in the current year. The last column shows how the 1984-85 expenditures would have grown if they grew at the same rate as the California Consumer Price Index. The comparison merely illustrates that the expenditures in CDC have grown significantly faster than inflation. The comparison does not take into account other factors affecting CDC expenditures such as sentencing changes, nor does it account for the changes in the population in California as a whole. Of note, due to the fact that the adult inmate population is higher than projected in January, it is very likely that additional General Fund resources will be requested for the current year, and the budget year, at the time of the May Revise.

| <b>Table 6. CDCR Adult Corrections General Fund Expenditures Over Time</b> |                                      |               |                       |   |
|--|--------------------------------------|---------------|-----------------------|---|
| <b>Year</b>  | <b>CDC General Fund Expenditures</b> | <b>Change</b> | <b>Percent Change</b> | <b>1984-85 CDC Expenditures grown by the California CPI</b> |
| 1984-85  | \$766,603                            |               |                       | 766,603   |
| 1985-86  | \$1,037,860                          | \$271,257     | 35.4%                 | 797,584   |
| 1986-87  | \$1,187,009                          | \$149,149     | 14.4%                 | 823,522   |
| 1987-88  | \$1,368,190                          | \$181,181     | 15.3%                 | 858,105   |
| 1988-89  | \$1,519,893                          | \$151,703     | 11.1%                 | 899,894   |
| 1989-90  | \$1,891,652                          | \$371,759     | 24.5%                 | 945,285   |
| 1990-91  | \$2,130,475                          | \$238,823     | 12.6%                 | 995,719   |
| 1991-92  | \$2,384,228                          | \$253,753     | 11.9%                 | 1,031,744   |
| 1992-93  | \$2,365,851                          | -\$18,377     | -0.8%                 | 1,064,886   |
| 1993-94  | \$2,699,698                          | \$333,847     | 14.1%                 | 1,083,619   |
| 1994-95  | \$2,902,234                          | \$202,536     | 7.5%                  | 1,102,352   |
| 1995-96  | \$3,216,651                          | \$314,417     | 10.8%                 | 1,118,203   |
| 1996-97  | \$3,431,219                          | \$214,568     | 6.7%                  | 1,144,141   |
| 1997-98  | \$3,629,449                          | \$198,230     | 5.8%                  | 1,165,835   |
| 1998-99  | \$3,989,540                          | \$360,091     | 9.9%                  | 1,197,697   |
| 1999-00  | \$4,189,829                          | \$200,289     | 5.0%                  | 1,235,403   |
| 2000-01  | \$4,584,934                          | \$395,105     | 9.4%                  | 1,289,920   |
| 2001-02  | \$4,998,331                          | \$413,397     | 9.0%                  | 1,325,464   |
| 2002-03  | \$5,191,604                          | \$193,273     | 3.9%                  | 1,359,327   |
| 2003-04*   | \$5,683,986                          | \$492,382     | 9.5%                  | 1,385,155   |
| 2004-05  | \$6,156,453                          | \$472,467     | 8.3%                  | 1,430,865   |
| 2005-06**  | \$6,790,280                          | \$633,827     | 10.3%                 | 1,499,546   |
| 2006-07**  | \$7,123,341                          | \$333,061     | 4.9                   | 1,536,285   |

\*Total includes \$852 million that was funded from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 on a one-time basis. The Administration used these funds to offset General Fund.

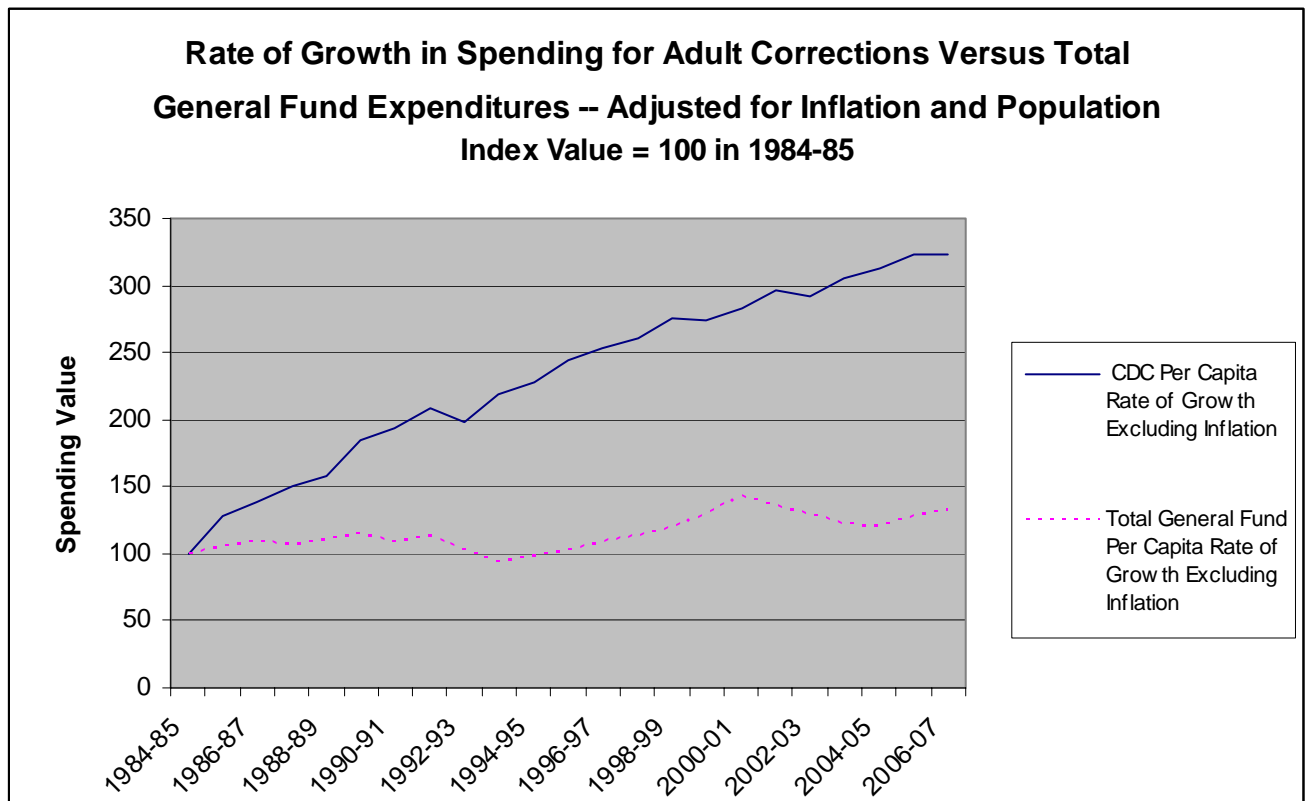
\*\* Estimated.

Table 7 shows the real per-capita rate of growth in spending for CDC and for the total General Fund. As can be seen in the table, real per-capita spending – which adjusts for both inflation and population growth – has increased by 32.4 percent for the total General Fund and 223.3 percent for CDC General Fund since 1984-85. Figure 1 shows this graphically.

| <b>Table 7. Rate of Growth Since 1984-85 in Real Per-Capita Spending</b><br>(Index Value = 100 in 1984-85) |                         |                           |             |                         |                           |
|--|-------------------------|---------------------------|-------------|-------------------------|---------------------------|
| <b>Year</b>  | <b>CDC General Fund</b> | <b>Total General Fund</b> | <b>Year</b> | <b>CDC General Fund</b> | <b>Total General Fund</b> |
| 1984-85  | 100.0                   | 100.0                     | 1996-97     | 253.5                   | 108.1                     |
| 1985-86  | 128.1                   | 106.1                     | 1997-98     | 259.9                   | 112.8                     |
| 1986-87  | 138.1                   | 109.1                     | 1998-99     | 276.3                   | 119.3                     |
| 1987-88  | 150.1                   | 107.9                     | 1999-00     | 274.1                   | 129.7                     |
| 1988-89  | 157.5                   | 110.9                     | 2000-01     | 282.9                   | 143.5                     |
| 1989-90  | 184.0                   | 114.4                     | 2001-02     | 296.1                   | 135.5                     |
| 1990-91  | 194.1                   | 109.3                     | 2002-03     | 291.8                   | 129.8                     |
| 1991-92  | 208.2                   | 112.8                     | 2003-04     | 259.3                   | 122.1                     |
| 1992-93  | 198.4                   | 102.4                     | 2004-05     | 312.3                   | 120.7                     |
| 1993-94  | 218.9                   | 94.1                      | 2005-06*    | 322.7                   | 127.9                     |
| 1994-95  | 227.2                   | 97.9                      | 2006-07     | 323.3                   | 132.4                     |
| 1995-96  | 244.7                   | 102.9                     |             |                         |                           |

\*Estimated

**Figure 1**





## Cost Drivers

The CDCR's budget is primarily determined by the projected number of inmates that will be housed in its prisons, and on the number of persons projected to be on supervised parole in the community. Based on these projections, the department determines how many staff are required to supervise this population and what resources are needed to provide other mandated services such as education and health care services. Thus, the most important determinates of the costs to operate CDC are: (1) the numbers of inmates and parolees, (2) the level of compensation for correctional officers and other staff, and (3) the types and levels of services provided.

**Population.** Information on population changes are discussed later in this background piece. Generally, the inmate population remained fairly flat between 1999 and 2005, increasing from 162,064 to 164,179 in those six years. Since that time, the population has steadily increased. As of March 15, 2006, the institution population is 169,304, and is currently projected to increase to 181,474 over the next five years.

**Compensation.** Salaries, wages, and benefits for CDCR employees make up the majority of costs for the department. The CDCR reports that salaries, wages, and benefits represent over 68 percent of total costs for the department in the current year and are expected to be over 70 percent of the costs in the budget year.

**Types and Levels of Services.** In recent years, the CDCR has been involved in a number of court cases that have mandated higher levels of service, particularly in the areas of healthcare services and mental health services. The following are court cases which have resulted in remedial plans by CDCR to address deficiencies found by the courts.

- *Coleman* regarding delivery of mental health services
- *Plata* regarding delivery of healthcare services
- *Perez* regarding delivery of dental services
- *Valdivia* regarding the parole revocation process
- *Madrid* regarding the conditions at Pelican Bay State Prison
- *Farrell* regarding the conditions at state juvenile justice facilities

As an example of the effect of these cases on positions and funding for the department, Table 8 below highlights the funding provided since 2004-05 to the departments within CDCR related to the *Valdivia* lawsuit. Over the three years, the projected augmentations for *Valdivia* total 492 positions and \$79.8 million.

**Table 8. Total Valdivia Authority, Including Budget Change Proposal Requests for 2006/07**

|                       | 2004/05      |                 | 2005/06      |                 | 2006/07    |                | Total        |                 |
|-----------------------|--------------|-----------------|--------------|-----------------|------------|----------------|--------------|-----------------|
|                       | Pys          | Funding         | Pys          | Funding         | Pys        | Funding        | Pys          | Funding         |
| Finance Letters       | 314.2        | \$56,931        | 20.6         | \$2,063         | 0.0        | \$0            | 334.8        | \$58,994        |
| Fall POP              | 0.0          | \$0             | 21.2         | \$9,588         | 31.9       | \$12,037       | 53.1         | \$21,625        |
| Baseline Adjustments  | 12.8         | \$8,951         | 61.1         | \$6,955         | 0.0        | \$0            | 73.9         | \$15,906        |
| Full Year Adjustments | 0.0          | \$0             | 58.2         | -\$6,738        | -28.2      | -\$9,975       | 30.0         | -\$16,713       |
| <b>Totals</b>         | <b>327.0</b> | <b>\$65,882</b> | <b>161.1</b> | <b>\$11,868</b> | <b>3.7</b> | <b>\$2,062</b> | <b>491.8</b> | <b>\$79,812</b> |

### CDCR Per Capita Costs

A look at the per capita cost calculation provides some information on what areas of the CDRC budget are driving cost increases. Table 9 below highlights the inmate per capita calculation for the three prior years, 2002-03 through 2004-05.

| <b>Table 9. Inmate Per Capita for 2002/03 Through 2004-05*</b> |                 |                   |                 |                   |                 |                   |                                    |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|------------------------------------|
|  | <b>2002/03</b>  | <b>% of total</b> | <b>2003/04</b>  | <b>% of total</b> | <b>2004/05</b>  | <b>% of total</b> | <b>% Growth 2002/03 to 2004/05</b> |
| <b>Security &amp; Reception</b>                                | \$2,125,173,000 | 48.0%             | \$2,373,459,000 | 49.2%             | \$2,692,493,000 | 50.9%             | 26.7%                              |
| <b>Inmate Support &amp; Employment</b>                         | 1,266,367,000   | 28.6%             | 1,333,472,000   | 27.6%             | 1,384,812,000   | 26.2%             | 9.4%                               |
| <b>Education</b>   | 152,460,000     | 3.4%              | 151,907,000     | 3.1%              | 162,178,000     | 3.1%              | 6.4%                               |
| <b>Healthcare Services</b>                                     | 878,941,000     | 19.9%             | 967,832,000     | 20.1%             | 1,053,124,000   | 19.9%             | 19.8%                              |
| <b>Total</b>   | 4,422,941,000   | 100.0%            | 4,826,670,000   | 100.0%            | 5,292,607,000   | 100.0%            | 19.7%                              |
| <b>Average Daily Population</b>                                | 151,176         |                   | 153,923         |                   | 153,932         |                   | 1.8%                               |
| <b>Inmate Per Capita</b>                                       | \$29,257        |                   | \$31,358        |                   | \$34,383        |                   | 17.5%                              |

\*Based on display in the Governor's budget. The per capita calculation excludes certain expenditures, such as local assistance, CCF contract costs, and lease payments.

Based on the information in the Governor's budget display, between 2002/03 and 2004/05, the inmate per capita cost grew by 17.5 percent from \$29,257 to \$34,383. In 2004-05, the costs of security and reception accounted for over 50 percent of total costs. Inmate Support and Employment, which includes costs for food, clothing, facility operation, classification services, records, religion, and inmate employment made up 26.2 percent of the total costs. Healthcare services, including mental healthcare services and dental services, made up nearly 20 percent of the total costs. Education, including academic and vocational education, made up just over 3 percent of the total costs.

Over the period between 2002-03 and 2004-05, the total expenditures increased much faster than the average population. Total expenditures increased by 19.7 percent, from \$4.4 billion to \$5.3 billion, while the average daily population in institutions increased by 1.8 percent, from 151,176 inmates to 153,932. The costs for security and reception increased the most during the period, increasing by 26.7 percent. The costs for healthcare services also grew faster than total expenditures, increasing by 19.8 percent over the period. The costs for Inmate Support and Education increased more slowly over the period, increasing by 9.4 percent and 6.4 percent respectively.

### Historical Deficiencies.

Tables 10 and 11 highlight deficiency funding at the CDC and CDCR since 1997-98. The policy related deficiencies highlighted in Table 8 include structural deficiencies in that period. The CDC has indicated that the budget shortfalls occurred as a result of a number of factors including: (1) higher than budgeted use of overtime, (2) higher than budgeted use of sick time, (3) increased costs for pharmacy and contract medical services, (4) workers' compensation costs, (5) utility costs, (6) labor contract provisions, and (7) retirement costs. In addition, another cause for the deficiency was custody-related expenditures for unbudgeted and unauthorized posts and posted positions.

Table 9 highlights the population related deficiency funding. Generally, the population at CDCR increased faster than was projected in the budget between 2000-01 and 2005-06. The majority of large deficiency amounts in 2003-04 and 2004-05 are attributable to implementation delays and eventual non-implementation of parole reforms adopted in 2003-04 and 2004-05.

| <b>Table 10. Policy Related Deficiency Funding Received by CDC</b> |              |                |               |                |                |                |                |              |              |
|--|--------------|----------------|---------------|----------------|----------------|----------------|----------------|--------------|--------------|
| <i>Fiscal Year (dollars in millions)</i>                           |              |                |               |                |                |                |                |              |              |
|  | 1997/98      | 1998/99        | 1999/00       | 2000/01        | 2001/02        | 2002/03        | 2003/04        | 2004/05      | 2005/06*     |
| <b>Amount</b>  | <b>\$6.2</b> | <b>\$106.4</b> | <b>\$20.1</b> | <b>\$171.6</b> | <b>\$249.4</b> | <b>\$144.5</b> | <b>\$173.9</b> | <b>\$7.9</b> | <b>\$5.8</b> |

\* Estimated as of March 15, 2006

| <b>Table 11. Population Related Deficiency Funding Received by CDC</b> |         |         |         |               |              |                |                |                |                |
|--|---------|---------|---------|---------------|--------------|----------------|----------------|----------------|----------------|
| <i>Fiscal Year (dollars in millions)</i>                               |         |         |         |               |              |                |                |                |                |
|  | 1997/98 | 1998/99 | 1999/00 | 2000/01       | 2001/02      | 2002/03        | 2003/04        | 2004/05        | 2005/06*       |
| <b>Amount</b>  |         |         |         | <b>\$28.6</b> | <b>\$7.7</b> | <b>\$120.7</b> | <b>\$254.0</b> | <b>\$227.8</b> | <b>\$175.0</b> |

\* Estimated as of March 15, 2006

**Unauthorized Unbudgeted Positions.** In prior years, CDC institutions had been running unauthorized, unbudgeted positions. Controls initiated by the DOF now ensure that the post assignment schedules were aligned with the budget authority.

**Overtime Costs.** Table 12 highlights overtime expenditures versus budget authority from 1999-00 through 2004-05. In those years, CDC significantly expended more on overtime than was provided in its budget.

| <b>Table 12. Overtime Budget Authority Versus Expenditures</b> |                         |                     |                   |
|--|-------------------------|---------------------|-------------------|
| <b>Year</b>  | <b>Budget Authority</b> | <b>Expenditures</b> | <b>Difference</b> |
| <b>1999-00</b>   | \$126,346,214           | \$190,107,926       | -\$63,761,712     |
| <b>2000-01</b>   | \$124,540,676           | \$238,288,530       | -\$113,747,854    |
| <b>2001-02</b>   | \$142,333,870           | \$263,410,403       | -\$121,076,533    |
| <b>2002-03</b>   | \$148,596,562           | \$237,599,555       | -\$89,002,993     |
| <b>2003-04</b>   | \$143,124,377           | \$220,358,157       | -\$77,233,780     |
| <b>2004-05</b>   | \$108,681,107           | \$316,105,603       | -\$207,424,496    |

**Vacancies.** Past reports by the LAO, the Bureau of State Audits, and the DOF identified several drivers of overtime costs within CDC, including correctional officer vacancies, inadequate numbers of relief positions, use of overtime to cover for sick leave and other paid leave programs, and inadequate management controls and oversight.

Table 13 shows the vacancy rates for custody positions in 2002-03, 2004-05 and as of March 2006 for 2005-06. Due to the fact that parole reforms from 2003-04 and 2004-05 were anticipated to lower the adult population significantly, the CDCR also significantly reduced the number of cadets sent through the Academy in 2004-05. With the population increasing rather than decreasing and a large number of anticipated retirements in the next couple of years, the CDCR is spending an additional \$25 million in the current year and a proposed \$54 million in the budget year to expand the number of cadets graduating from the Basic Correctional Officer Academy.

**Table 13. Vacancy Rates for Custody Positions**

|   | Correctional Officer |        |      | Correctional Sergeant |        |       | Correctional Lieutenant |        |       | Totals    |        |      |
|---|----------------------|--------|------|-----------------------|--------|-------|-------------------------|--------|-------|-----------|--------|------|
|   | Positions            | Vacant | %    | Positions             | Vacant | %     | Positions               | Vacant | %     | Positions | Vacant | %    |
| FY 2002-03<br>/1                                    | 20,096               | 398    | 2.0% | 2,528                 | 198    | 7.8%  | 1,051                   | 104    | 9.9%  | 23,675    | 700    | 3.0% |
| FY 2003-04<br>As of June<br>2005 (FY<br>2004-05) /2 | Not Available        |        |      |                       |        |       |                         |        |       |           |        |      |
| As of March<br>2006 (FY<br>2005-06) /2              | 22,244               | 1,620  | 7.3% | 2,736                 | 517    | 18.9% | 1,169                   | 122    | 10.4% | 26,146    | 2,258  | 8.6% |
|   | 23,110               | 2,250  | 9.7% | 2,503                 | 196    | 7.8%  | 1,113                   | 87     | 7.8%  | 26,727    | 2,533  | 9.5% |

/1 Source: March 4, 2004 Legislative Analyst's Office report to the Joint Hearing of the Senate Select Committees on Government Oversight and the California Correctional System entitled, "Corrections Overtime Expenditures."

/2 Source: State Controller's Office Reports. Note: data prior to FY 2004/05 is no longer available.

**Temp Help.** Budget authority for temp help is significantly less than actual expenditures, although the amount of expenditures for temp help has been steadily decreasing since 2001-02.

| Table 14. Temp Help Budget Authority Versus Expenditures |                  |               |               |
|--|------------------|---------------|---------------|
| Year   | Budget Authority | Expenditures  | Difference    |
| 1999-00  | \$31,436,322     | \$104,068,162 | -\$72,631,840 |
| 2000-01  | \$33,076,902     | \$94,549,693  | -\$61,472,791 |
| 2001-02  | \$40,558,946     | \$115,597,358 | -\$75,038,412 |
| 2002-03  | \$48,289,387     | \$106,028,848 | -\$57,739,461 |
| 2003-04  | \$48,251,031     | \$74,435,172  | -\$26,184,141 |
| 2004-05  | \$42,038,739     | \$60,350,066  | -\$18,311,327 |

On the next page, Table 15 shows budget authority versus expenditures for medical guarding. Medical Guarding costs are the custody and transportation costs incurred when inmates are sent out to hospitals for medical services. Medical Guarding expenditures have increased from \$19.2 million in 1999-00 to an estimated \$35.5 million in the current

year. The numbers on this chart only include the overtime costs for medical guarding and does not include established guarding teams using positions. The CDCR received augmentations to these teams in 2001-02 and in 2004-05.

| <b>Table 15. Medical Guarding Budget Authority Versus Expenditures</b> |                         |                     |                   |
|--|-------------------------|---------------------|-------------------|
| <b>Year</b>  | <b>Budget Authority</b> | <b>Expenditures</b> | <b>Difference</b> |
| <b>1999-00</b>   | \$16,000,000            | \$19,163,340        | (\$3,163,340)     |
| <b>2000-01</b>   | \$16,000,000            | \$27,649,406        | (\$11,649,406)    |
| <b>2001-02</b>   | \$16,187,933            | \$31,511,968        | (\$15,324,035)    |
| <b>2002-03</b>   | \$16,187,933            | \$29,677,894        | (\$13,489,961)    |
| <b>2003-04</b>   | \$16,187,933            | \$29,328,269        | (\$13,140,336)    |
| <b>2004-05</b>   | \$26,158,743            | \$35,262,245        | (\$9,103,502)     |
| <b>2005-06*</b>  | \$26,158,743            | \$35,494,976        | (\$9,336,233)     |

\* 2005-06 expenditures are projected as of March 15, 2006

**Medical Cost Drivers.** Other cost drivers include, pharmacy and medical supplies, and contract medical expenditures. These costs are highlighted later in the section on Healthcare Services.

### **How has CDCR managed its allotments to manage surpluses and deficits?**

Table 16 below highlights broadly the allotment and expenditure data for 2004-05. Based on the data, in 2004-05, the CDC created and used surpluses in Central Administration and Parole to fund deficits that accrued in Healthcare Services and in Institutions generally.

| <b>Table 16. General Fund Allotment Expenditure Summary for 2004-05</b><br>(dollars in millions) |                  |                     |                        |
|--|------------------|---------------------|------------------------|
|  | <b>Allotment</b> | <b>Expenditures</b> | <b>Surplus/Deficit</b> |
| CDC Central Administration   | \$710.3          | \$649.5             | \$60.8                 |
| CDC Parole   | 510.0            | 479.7               | 30.3                   |
| Board of Prison Terms  | 71.0             | 63.9                | 7.1                    |
| YACA Secretary   | 2.8              | 2.8                 | 0.0                    |
| Board of Corrections   | 3.0              | 3.0                 | 0.0                    |
| <i>Total Headquarters</i>  | <i>\$1,297.1</i> | <i>\$1,198.9</i>    | <i>\$98.2</i>          |
| Institutions   | \$3,602.4        | \$3,608.5           | -\$6.1                 |
| Education  | 153.0            | 154.8               | -1.8                   |
| Healthcare   | 887.8            | 967.0               | -79.2                  |
| <i>Total CDC Institutions</i>  | <i>\$4,643.2</i> | <i>\$4,730.3</i>    | <i>-\$87.1</i>         |
| CYA Administration   | \$33.6           | \$31.6              | \$2.0                  |
| Disencumbered Planned Expenditures   | 0.0              | -3.6                | 3.6                    |
| Parole   | 34.3             | 34.4                | -0.1                   |
| CYA Institutions   | 336.0            | 341.5               | -5.5                   |
| <i>Total CYA</i>   | <i>\$403.9</i>   | <i>\$403.9</i>      | <i>\$0.0</i>           |
| <b>Total YACA Agency</b>   | <b>\$6,344.2</b> | <b>\$6,333.1</b>    | <b>\$11.1</b>          |

## Adult Corrections Population

Table 17 shows the historical adult institution and parole populations since 1999 and the projected population increases through 2011. In the period between 1999 and 2005, the population remained stable, increasing from 162,064 to 164,179. The population has begun to increase steadily since that time, with the population projected to increase to 181,474 by 2011.

| <b>Table 17. Historical &amp; Projected Adult Institution and Parole Populations<br/>(as of June 30<sup>th</sup> of each year)</b> |                           |         |                   |                      |         |                   |
|--|---------------------------|---------|-------------------|----------------------|---------|-------------------|
| Year   | Institution<br>Population | Change  | Percent<br>Change | Parole<br>Population | Change  | Percent<br>Change |
| 1999   | 162,064                   |         |                   | 112,494              |         |                   |
| 2000   | 162,000                   | (64)    | 0.0%              | 119,298              | 6,804   | 6.0%              |
| 2001   | 161,497                   | (503)   | -0.3%             | 119,636              | 338     | 0.3%              |
| 2002   | 157,979                   | (3,518) | -2.2%             | 120,336              | 700     | 0.6%              |
| 2003   | 160,931                   | 2,952   | 1.9%              | 116,173              | (4,163) | -3.5%             |
| 2004   | 163,500                   | 2,569   | 1.6%              | 112,685              | (3,488) | -3.0%             |
| 2005   | 164,179                   | 679     | 0.4%              | 115,371              | 2,686   | 2.4%              |
| 2006*  | 168,583                   | 4,404   | 2.7%              | 115,920              | 549     | 0.5%              |
| 2007*  | 172,019                   | 3,436   | 2.0%              | 116,847              | 927     | 0.8%              |
| 2008*  | 174,994                   | 2,975   | 1.7%              | 117,125              | 278     | 0.2%              |
| 2009*  | 177,747                   | 2,753   | 1.6%              | 117,447              | 322     | 0.3%              |
| 2010*  | 179,789                   | 2,042   | 1.1%              | 118,772              | 1,325   | 1.1%              |
| 2011*  | 181,474                   | 1,685   | 0.9%              | 119,967              | 1,195   | 1.0%              |

\* Projected in Fall 2005 projections

Table 18 highlights some of the characteristics of the adult CDCR population. Males make up a vast majority of the institution population. Just over half of the population is in prison for crimes against persons such as homicide, robbery, assault and battery, sex offenses, and kidnapping. The average reading level for inmates entering the population is 7<sup>th</sup> grade. The average age of the population has been increasing slightly over time and is now currently 36. The average time served for inmates released in the fourth quarter of 2005 was 24.8 months.

| <b>Table 18. Characteristics of the CDCR Adult Institution Population as of the 4<sup>th</sup> Quarter of 2005</b> |  |
|--|--|
| Males  | 93%  |
| Females  | 7%   |
| Race   | 28% white; 29% black; 37% Hispanic; 6% other   |
| Offense  | 51% persons; 21% property; 20% drugs; 8% other |
| Average Reading Level  | Seventh grade                                  |
| Average Age  | 36   |
| Average Time Served  | 24.8 months                                    |

Table 19 highlights the admission/return status for offenders as of December 31, 2005. Inmates that had been new admissions made up 64 percent of the population, and inmates returned from parole with a new crime or a revocation made up 36 percent of the population.

| <b>Table 19. Total Adult Institution Population Offenders by Admission/Return Status as of December 31, 2005</b> |               |                |
|--|---------------|----------------|
| <b>Admission/Return Status</b>   | <b>Number</b> | <b>Percent</b> |
| New Admission  | 107,571       | 64.0           |
| Parole Violator -- With A New Term (PV-WNT)  | 41,591        | 24.7           |
| Parole Violator – Returned to Custody (PV-RTC)   | 14,077        | 8.4            |
| Pending Revocation   | 4,816         | 2.9            |
| Total Population   | 168,055       | 100.0          |

Table 20 highlights the institution population movements for calendar year 2004, the most recent data available. Every year, a significant number of offenders are released from prison onto parole. In 2004, 120,598 offenders were paroled back to the communities that they came from. In that same period, 58,902 parolees had their parole revoked, 17,823 parolees were returned from court with a new term, and 46,812 new felons were admitted into the system.

| <b>Table 20. Adult Institution Population Movements for Calendar Year 2004</b> |         |
|--|---------|
| Offenders Paroled  | 120,598 |
| Parole Violators Returned to Custody for Violations of Parole Conditions       | 58,902  |
| Felon Parole Violators Returned With New Terms                                 | 17,823  |
| Felon New Admissions   | 46,812  |

***CDCR Population is at Historical Highs.*** The adult population at CDCR has been at historical highs for the last year. As of March 15, 2006, the institution population is 169,304. The CDCR indicates that it has a permanent capacity for 156,753 male and female beds, including contract beds. In order to house the increased population, CDCR has indicated that it has activated 14,844 non-traditional male and female beds. These non-traditional beds include triple bunking gymnasiums, dayrooms, and other program space.

***Budget Proposes Authority to Contract for Adult Beds.*** The proposed budget includes budget bill language to authorize CDCR to contract with providers to build contract bed capacity of up to 8,500 beds, including 4,000 male beds and 4,500 female beds for the 2007-08 fiscal year. These contract beds would potentially become available in early 2008, and would provide housing for Level I and Level II minimum security inmates. There are no other capacity-building or population reduction strategies contained in the budget proposal.

## Healthcare Services

The budget for the Healthcare Services Division of CDCR has increased steadily since it was created as a separate program in 1997-98, averaging greater than 10 percent annual growth. In 1998-99, expenditures for the healthcare services division were \$512.8 million. In 2004-05, expenditures totaled \$1.1 billion. Table 21 highlights the growth in healthcare services expenditures. Due to changes in the way administration is calculated since the reorganization, the totals for 2005-06 and 2006-07 do not include distributed administration costs that were formerly included in the calculation.

**Table 21. Healthcare Services**

| Program              | <i>Expenditures (dollars in thousands)</i> |           |           |           |           |           |             |             |             |
|----------------------|--|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
|                      | 1998-99                                    | 1999-00   | 2000-01   | 2001-02   | 2002-03   | 2003-04   | 2004-05     | 2005-06*    | 2006-07**   |
| Health Care Services | \$512,833                                  | \$565,897 | \$675,597 | \$796,773 | \$878,941 | \$967,832 | \$1,053,124 | \$1,052,898 | \$1,182,755 |
| Change               |  | 53,064    | 109,700   | 121,176   | 82,168    | 88,891    | 85,292      | -226        | 129,857     |
| Percent              |  | 10.3%     | 19.4%     | 17.9%     | 10.3%     | 10.1%     | 8.8%        | 0.0%        | 12.3%       |

\* Estimated. With the Reorganization, the Healthcare Services line item no longer includes distributed administration costs.

\*\* Proposed. With the Reorganization, the Healthcare Services line item no longer includes distributed administration costs.

## Healthcare Services Cost Drivers

In the area of Healthcare Services, there have been a number of federal court cases which have alleged deficiencies in the delivery of healthcare services in CDC institutions. In recent years, three class action lawsuits have increased the positions and funding for mental health services, healthcare services and dental care services.

**Plata Settlement.** In January 2002, the state entered into the *Plata* settlement agreement, committing to significant changes in the delivery of health care services to inmates. In response to the *Plata* settlement agreement, the Legislature – as part of the *2002-03 Budget Act* – approved a multi-year plan authorizing nearly 1,400 health related positions to be phased in over a six-year period at a cost of approximately \$90 million annually when fully implemented. Under the proposal, policy changes and health staff were to be phased in at five to eight prisons per year beginning in 2002-03 and ending in 2007-08. Table 22 shows the funding and positions as originally approved.

| <b>Table 22. Plata Positions and Funding</b> |                  |                      |                      |
|--|------------------|----------------------|----------------------|
| <b>Fiscal Year</b>                           | <b>Positions</b> | <b>Ongoing Costs</b> | <b>Onetime Costs</b> |
| 2002-03                                      | 220              | \$21,386,000         | \$4,341,000          |
| 2003-04                                      | 257              | 14,121,000           | 5,520,000            |
| 2004-05                                      | 238              | 13,647,000           | 2,924,000            |
| 2005-06                                      | 205              | 11,629,000           | 2,999,000            |
| 2006-07                                      | 210              | 11,580,000           | 2,970,000            |
| 2007-08                                      | 269              | 14,353,000           | 3,136,000            |
| <b>Totals</b>                                | <b>1,399</b>     | <b>\$86,716,000</b>  | <b>\$21,890,000</b>  |
| <b>Total Cost for Six Years</b>              |                  |                      | <b>\$108,606,000</b> |



**Coleman.** The *Coleman* court case challenged the accessibility of mental health services in CDC institutions. Beginning in fiscal year 1994-95, in response to *Coleman* court orders, CDC developed and implemented the Mental Health Delivery System. Table 23 below, highlights the recent budget augmentations related to the *Coleman* case.

**Table 23. *Coleman* Positions and Funding**

|              | 2002/2003    |                    | 2003/2004   |                    | 2004/2005 <sup>1/</sup> |                  | 2005/2006 <sup>2/</sup> |                    | 2006/2007  |            |
|--------------|--------------|--------------------|-------------|--------------------|-------------------------|------------------|-------------------------|--------------------|------------|------------|
| Process      | Position     | \$'s               | Position    | \$'s               | Position                | \$'s             | Position                | \$'s               | Position   | \$'s       |
| Policy BCP   |              |                    | 37.8        | \$4,200,000        |                         |                  |                         |                    |            |            |
| Pop BCP      |              |                    |             |                    |                         |                  |                         |                    |            |            |
| Finance Ltr  | 110.0        | \$8,141,000        |             |                    |                         |                  | 51.3                    | \$5,235,000        |            |            |
| Full Yr Ex.  |              |                    |             | \$209,140          |                         | \$929,904        |                         |                    |            |            |
| Leg Chg.     |              |                    |             |                    |                         |                  |                         |                    |            |            |
| May Revise   |              |                    |             |                    |                         |                  |                         |                    |            |            |
| Prop. FL     |              |                    |             |                    |                         |                  |                         |                    |            |            |
| <b>Total</b> | <b>110.0</b> | <b>\$8,141,000</b> | <b>37.8</b> | <b>\$4,409,140</b> | <b>0.0</b>              | <b>\$929,904</b> | <b>51.3</b>             | <b>\$5,235,000</b> | <b>0.0</b> | <b>\$0</b> |

1/ The Fiscal year 2004/05 figure is the net of two Full Year adjustments : Corocoran R&R (\$236,096) and Ad Seg Modulars \$1,166,000

2/ The Fiscal Year 2005/06 figure is a net of two late Finance Letters: MHSDS *Coleman* \$4,115,000 / 51.3 positions and MHSDS *Coleman* R&R \$1,120,000

**Perez.** The CDCR has entered into a settlement agreement in the *Perez* class action, which alleges that the CDCR fails to provide a system for delivery of dental care that ensures inmates' serious dental needs are addressed in a timely manner, and subjects inmates to suffer permanent and unnecessary damages. Expenditures in 2005-06 were in anticipation of the settlement. Implementation of the settlement agreement is proposed to take place over six years. In addition to the resources requested for 2006-07, the proposal requests 60 PYs and \$8.2 million in 2007-08, and 133 PYs and \$8.9 million in 2008-09. A new request will be made in 2009-10 to address the remaining institutions based on the implementation schedule in the agreement.

**Table 24. *Perez* Positions and Funding**

|                   | 2005/2006   |                     | 2006/2007 <sup>1/</sup> |                     |
|-------------------|-------------|---------------------|-------------------------|---------------------|
|                   | Position    | Funding             | Position                | Funding             |
| Policy BCP        |             |                     | 326.2                   | \$21,487,000        |
| Pop BCP           |             |                     |                         |                     |
| Finance Letter    | 88.5        | \$17,320,000        |                         |                     |
| Full Yr Exercise. |             |                     |                         | \$6,540,270         |
| Leg Change.       | 0           | (\$4,000,000)       |                         |                     |
| May Revise        |             |                     |                         |                     |
| <b>Total</b>      | <b>88.5</b> | <b>\$13,320,000</b> | <b>326.2</b>            | <b>\$28,027,270</b> |

<sup>1/</sup> 2006/07 Inmate Dental Program Full Year Exercise includes \$4,000,000 and \$2,540,270 attached to 50 positions.

***Vacancies for Medical Positions.*** In an April 2004 report on contract medical, the Bureau of State Audits (BSA) noted that the use of medical registry contracts to fill vacant medical positions was the fastest growing component of contract medical services. Table 25 shows the statewide vacancy rates for certain medical classifications. The BSA report noted that the vacancy rates vary widely between institutions – noting that while the statewide rate for registered nurses was about 20 percent, some institutions had rates as high as 79 percent while others had vacancy rates as low as 5 percent.

**Table 25. Vacancy Rates of Selected Medical Classifications February 1, 2003 through February 1, 2006**

| Classification: | Med Tech Assistants |        |          | Registered Nurse |        |          | Staff Psychiatrists |        |          |
|-----------------|---------------------|--------|----------|------------------|--------|----------|---------------------|--------|----------|
|                 | Authorized          | Vacant | % Vacant | Authorized       | Vacant | % Vacant | Authorized          | Vacant | % Vacant |
| SCO Report      |                     |        |          |                  |        |          |                     |        |          |
| 02/01/2003      | 919.3               | 161.9  | 17.6%    | 796.4            | 164.3  | 20.6%    | 159.8               | 39.1   | 24.5%    |
| 02/01/2004      | 1,018.7             | 227.1  | 22.3%    | 979.6            | 250.4  | 25.6%    | 168.8               | 50.3   | 29.8%    |
| 02/01/2005      | 1,018.6             | 210.9  | 20.7%    | 1,072.9          | 305.1  | 28.4%    | 183.7               | 63.5   | 34.6%    |
| 02/01/2006      | 1,087.8             | 270.0  | 24.8%    | 1,174.7          | 327.2  | 27.9%    | 198.5               | 77.6   | 39.1%    |

| Classification: | Pharmacists (I & II) |        |          | Physician & Surgeon |        |          |
|-----------------|----------------------|--------|----------|---------------------|--------|----------|
|                 | Authorized           | Vacant | % Vacant | Authorized          | Vacant | % Vacant |
| SCO Report      |                      |        |          |                     |        |          |
| 02/01/2003      | 116.7                | 27.2   | 23.3%    | 268.5               | 30.0   | 11.2%    |
| 02/01/2004      | 117.2                | 35.2   | 30.0%    | 266.5               | 19.0   | 7.1%     |
| 02/01/2005      | 118.2                | 45.2   | 38.2%    | 261.5               | 21.5   | 8.2%     |
| 02/01/2006      | 120.7                | 52.7   | 43.7%    | 268.5               | 73.5   | 27.4%    |

| Classification: | Psychologists |        |          | Psychiatric Social Worker |        |          |
|-----------------|---------------|--------|----------|---------------------------|--------|----------|
|                 | Authorized    | Vacant | % Vacant | Authorized                | Vacant | % Vacant |
| SCO Report      |               |        |          |                           |        |          |
| 02/01/2003      | 360.8         | 103.2  | 28.6%    | 141.4                     | 41.8   | 29.6%    |
| 02/01/2004      | 393.9         | 68.6   | 17.4%    | 141.4                     | 28.3   | 20.0%    |
| 02/01/2005      | 419.3         | 83.5   | 19.9%    | 145.3                     | 32.8   | 22.6%    |
| 02/01/2006      | 483.4         | 143.1  | 29.6%    | 154.7                     | 44.2   | 28.6%    |

The BSA report concluded that CDC should continue to monitor prisons' registry contract expenditures and evaluate the prisons' needs so that it can identify opportunities to control expenditures and ensure that prisons are not violating state law by using registry staff on a permanent basis.

***Contract Medical Expenditures.*** Contract Medical expenditures continue to grow in recent years. Table 26, on the next page, highlights expenditures for contract medical, including medical registry contracts and contracts with hospitals for medical services. Annual expenditures have grown from \$111.3 million in 1999-00 to an estimated \$330.6 million in the current year.

| <b>Table 26. Contract Medical Budget Authority Versus Expenditures</b> |                         |                     |                   |
|--|-------------------------|---------------------|-------------------|
| <b>Year</b>  | <b>Budget Authority</b> | <b>Expenditures</b> | <b>Difference</b> |
| <b>1999-00</b>   | \$69,239,000            | \$111,278,565       | (\$42,039,565)    |
| <b>2000-01</b>   | \$121,521,027           | \$154,859,373       | (\$37,412,879)    |
| <b>2001-02</b>   | \$210,568,489           | \$199,544,372       | \$8,906,107       |
| <b>2002-03</b>   | \$206,520,451           | \$239,321,518       | (\$33,066,747)    |
| <b>2003-04</b>   | \$204,453,636           | \$278,821,147       | (\$32,801,067)    |
| <b>2004-05</b>   | \$208,789,406           | \$314,926,190       | (\$106,136,784)   |
| <b>2005-06*</b>  | \$190,157,215           | \$330,586,893       | (\$140,429,678)   |

\* 2005-06 expenditures are projected as of March 15, 2006

### ***Medical/Pharmaceutical Supplies***

As can be seen in Table 27, the costs for pharmaceutical and medical supplies have been a growing part of CDC's healthcare services budget. A number of reports, including BSA report 1001-012: January 2002, have highlighted shortcomings in the area of purchasing, distribution, and a pharmacy IT system. CDCR has made efforts in recent years to reduce pharmaceutical expenditures through implementation of a drug formulary, improvements in cost containment and purchasing, and development of a pharmacy IT system.

| <b>Table 27. Medical/Pharmaceutical Supplies Budget Authority Versus Expenditures</b> |                         |                     |                   |
|---|-------------------------|---------------------|-------------------|
| <b>Year</b>   | <b>Budget Authority</b> | <b>Expenditures</b> | <b>Difference</b> |
| <b>1999-00</b>  | \$55,112,059            | \$77,641,803        | (\$22,529,744)    |
| <b>2000-01</b>  | \$98,454,347            | \$99,345,446        | (\$891,099)       |
| <b>2001-02</b>  | \$124,195,146           | \$118,258,603       | \$5,936,543       |
| <b>2002-03</b>  | \$123,680,146           | \$134,206,456       | (\$10,526,310)    |
| <b>2003-04</b>  | \$117,703,168           | \$138,283,839       | (\$20,580,671)    |
| <b>2004-05</b>  | \$127,890,581           | \$148,475,543       | (\$20,584,962)    |
| <b>2005-06*</b>   | \$138,698,897           | \$154,536,968       | (\$15,838,071)    |

\* 2005-06 expenditures are projected as of March 15, 2006

## Division of Juvenile Justice

### *Division of Juvenile Justice (DJJ) Wards at a Glance.*

| <b>Table 28. Characteristics of the DJJ population as of June 30, 2004</b><br>(Showing Percentages of Totals) |            |
|---|------------|
| Category  | Percentage |
| <b>Gender</b>   |            |
| Male  | 95.0       |
| Female  | 5.0        |
| <b>Court of Commitment</b>  |            |
| Juvenile  | 96.8       |
| Criminal  | 3.2        |
| <b>Top Five Counties of Commitment</b>  |            |
| Los Angeles   | 24.5       |
| San Bernardino  | 7.2        |
| Fresno  | 5.9        |
| Riverside   | 5.4        |
| Alameda   | 5.0        |
| <b>Commitment Offense</b>   |            |
| Violent Offenses  | 59.3       |
| Property Offenses   | 21.8       |
| Drug Offenses   | 3.9        |
| Other Offenses  | 15.5       |
| <b>Admission Status</b>   |            |
| 1 <sup>st</sup> Commitment  | 84.5       |
| 1 <sup>st</sup> Return  | 11.4       |
| 2 <sup>nd</sup> Return  | 3.4        |
| 3 <sup>rd</sup> Return or more  | 0.7        |
| <b>Ethnicity</b>  |            |
| Hispanic  | 49.5       |
| African American  | 29.5       |
| White   | 15.5       |
| Asian   | 3.3        |
| Other   | 2.3        |
| Average Age (years)   | 19.3       |

Table 29 highlights the budget for the CYA and the Division of Juvenile Justice (DJJ) since 1999-00. While the budget for DJJ has remained relatively stable in this period, the ward population has decreased from 7,380 in 2000 to an estimated 2,680 by the end of the budget year. As a consequence, the average cost per ward has increased from about \$46,000 in 1999-00 to an estimated \$149,000 in 2006-07.

**Table 29. CYA and Division of Juvenile Justice Summary of Program Expenditures**

|                        | <i>Expenditures (dollars in thousands)</i> |           |           |           |           |           |           |           |
|------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Program                | 1999-00                                    | 2000-01   | 2001-02   | 2002-03   | 2003-04   | 2004-05   | 2005-06*  | 2006-07** |
| Institutions & Camps   | \$293,968                                  | \$309,038 | \$326,135 | \$322,117 | \$328,661 | \$339,668 |           |           |
| Parole Services        | 48,639                                     | 62,406    | 55,074    | 54,160    | 43,030    | 40,195    |           |           |
| Education Services     | 50,081                                     | 52,660    | 50,877    | 47,869    | 44,871    | 40,386    |           |           |
| Youth Authority Board  |  |           |           |           | 1,509     | 3,232     |           |           |
| Administration         | 21,121                                     | 27,154    | 28,417    | 28,364    | 27,537    | 31,154    |           |           |
| Distributed Admin      | (19,257)                                   | (24,320)  | (26,827)  | (26,780)  | (26,668)  | (30,895)  |           |           |
| Juvenile Operations    |  |           |           |           |           |           | \$178,589 | \$176,337 |
| Juvenile Parole        |  |           |           |           |           |           | 40,468    | 38,734    |
| Education and Programs |  |           |           |           |           |           | 138,523   | 179,404   |
| Healthcare             |  |           |           |           |           |           | 56,135    | 62,119    |
| Total                  | \$394,552                                  | \$426,938 | \$433,676 | \$425,730 | \$418,940 | \$423,740 | \$413,715 | \$456,594 |
| Change                 |  | \$32,386  | \$6,738   | -\$7,946  | -\$6,790  | \$4,800   | -\$10,025 | \$42,879  |
| Percent                |  | 8.2%      | 1.6%      | -1.8%     | -1.6%     | 1.1%      | -2.4%     | 10.4%     |
| Ward Pop (June 30)     | 7,380                                      | 6,776     | 5,847     | 4,879     | 3,888     | 3,205     | 2,920     | 2,680     |
| Percent Change         |  | -8.2%     | -13.7%    | -16.6%    | -20.3%    | -17.6%    | -8.9%     | -8.2%     |
| Parole Pop (June 30)   | 4,642                                      | 4,355     | 4,160     | 4,089     | 4,037     | 3,643     | 3,420     | 3,175     |
| Percent Change         |  | -6.2%     | -4.5%     | -1.7%     | -1.3%     | -9.8%     | -6.1%     | -7.2%     |
| Avg. Cost per Ward     | \$46,128                                   | \$51,502  | \$59,986  | \$69,284  | \$85,411  | \$107,236 | \$121,877 | \$149,236 |
| Avg. Cost per Parolee  | \$9,620                                    | \$13,645  | \$12,936  | \$13,131  | \$10,591  | \$10,467  | \$11,459  | \$11,746  |

\* Estimated

\*\* Proposed

Table 30, on the next page, shows the number of positions at CYA and DJJ over time. While the overall staff at DJJ has decreased over time, administration positions actually increased from 277 in 1999-00 to 332 positions in 2004-05. Due to the reorganization, DJJ administration positions are no longer identified separately from CDCR administration positions.

**Table 30. CYA & Division of Juvenile Justice Historical Number of Positions**

|                        | 1999-00      | 2000-01      | 2001-02      | 2002-03      | 2003-04      | 2004-05      | 2005-06*     | 2006-07**    |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Institutions & Camps   | 3,682        |              | 3,441        | 3,440        | 3,156        | 2,785        |              |              |
| Parole Services        | 333          |              | 293          | 238          | 236          | 194          |              |              |
| Education Services     | 705          |              | 675          | 547          | 471          | 388          |              |              |
| Youth Authority Board  |              |              |              |              | 9            | 19           |              |              |
| Administration         | 277          |              | 291          | 284          | 294          | 332          |              |              |
| Distributed Admin      |              |              |              |              |              |              |              |              |
| Juvenile Operations    |              |              |              |              |              |              | 1,412        | 1,729        |
| Juvenile Parole        |              |              |              |              |              |              | 202          | 198          |
| Education and Programs |              |              |              |              |              |              | 2,017        | 1,985        |
| Healthcare             |              |              |              |              |              |              | 234          | 332          |
| <b>Total Positions</b> | <b>4,967</b> | <b>4,934</b> | <b>4,701</b> | <b>4,509</b> | <b>4,165</b> | <b>3,717</b> | <b>3,866</b> | <b>4,244</b> |

\* Estimated

\*\* Proposed

**Farrell Remedial Plan.** A major factor in the proposed increase for DJJ in 2006-07 is due to the positions and funding being requested as part of the *Farrell* Remedial Plans. Table 31 shows the proposed augmentations related to the *Farrell* Remedial Plans. In 2006-07 the proposed augmentation totals 800 positions and \$84.1 million. For 2007-08 the funding would grow to 1,011 positions and \$105.9 million.

**Table 31. Projected Costs for the *Farrell* Remedial Plans\***  
(dollars in thousands)

| Remedial Plan                           | 2005-06    |                 | 2006-07    |                 | 2007-08      |                  |
|---|------------|-----------------|------------|-----------------|--------------|------------------|
|   | Positions  | Funding         | Positions  | Funding         | Positions    | Funding          |
| Education Remedial Plan                 | 208        | \$17,088        | 208        | \$20,886        | 208          | \$20,886         |
| Interim Mental Health Remedial Plan     | 15         | \$1,215         | 15         | \$1,015         | 15           | \$1,015          |
| Sex Offender Treatment Remedial Plan    | 20         | \$2,464         | 43         | \$4,394         | 43           | \$4,394          |
| Disability Remedial Plan                | 12         | \$3,108         | 12         | \$2,811         | 12           | \$1,011          |
| Healthcare Remedial Plan                |            |                 | 113        | \$7,530         | 113          | \$9,000          |
| Ward Safety and Welfare Remedial Plan** | 105        | \$5,163         | 409        | \$47,470        | 620          | \$69,662         |
| <b>Totals</b>                           | <b>360</b> | <b>\$29,038</b> | <b>800</b> | <b>\$84,106</b> | <b>1,011</b> | <b>\$105,948</b> |

\* Estimated costs for 2006-07 and future years are subject to adjustments due to actual DJJ population.

\*\* DJJ will be seeking current year funding for the Ward Safety Plan in legislation.